

Tax Matters

connecting and informing
employees



OFFICE OF INCOME TAXATION
COMMUNICATIONS & TRAINING BRANCH

June 2009

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Federal Withholding Changes

Notice a difference in your paycheck? You may want to re-evaluate the amount of federal withholding taken out of your paycheck.

Most of us received an increase in net pay due to less federal tax withheld. New Federal tax tables were released on Feb. 21, 2009, reducing federal taxes for most wage earners.

In 2009 and 2010, the Making Work Pay provision of the **American Recovery and Reinvestment Act (ARRA)** will provide a refundable tax credit of up to \$400 for working individuals and up to \$800 for married taxpayers filing joint returns who do not exceed adjusted gross income (AGI) limitations.

Any individual is eligible for this credit, unless that person can be claimed as a dependent by someone else, is a nonresident alien, or does not provide a valid Social Security number (SSN) on their tax return. But depending on the employee's individual tax situation, they might need to lower their withholding exemptions so they are not under-withheld.

CAUTION: The following scenarios could cause taxpayers to be under-withheld for 2009 and 2010:

- o **Individuals who work two or more jobs**
 - In this situation, each employer would reduce the federal withholding, causing the individual to be under-withheld.
- o **Married couple, both work**
 - In this situation, both husband and wife would see a reduction in their federal

withholding. However, there is only one credit of \$800 total available. Couples in this situation could be up to \$800 or more under-withheld, as the federal withholding was reduced on both paychecks, not just one.

- o **Married couple, one spouse has high wages, one spouse has low wages**
 - In this situation, the high-earner spouse may not see a change if their wages exceed the AGI limits. However, the low-earner spouse would see a reduction in withholding, and based on joint income may not be able to claim the credit.

Pensioners do not qualify for the Making Work Pay credit, unless they receive earned income. However, the new withholding tables apply to **all** taxpayers, including pensioners. Thus, their withholding situation may change as well.

Additionally, as part of this Act, taxpayers who receive Social Security (SS) and/or Veteran's Administration (VA) compensation will receive a one-time lump-sum amount of \$250 in one of their monthly checks in the next few months. Taxpayers that also work and receive either VA or SS checks could receive the payroll tax withholding reduction AND the \$250 lump-sum payment.

The bottom line? It's the taxpayer's responsibility to monitor their personal tax situation and make any necessary withholding adjustments to avoid any nasty surprises come tax-time next year.



It's Who You Know...

The following contacts and phone numbers are provided by the Office of Sales and Excise Tax for your convenience.

Sales Tax:

	Name	Extension
Affidavit of Non-highway Use (NHU)	Dave McKee	48957
E-file/E-pay	Amy Steverson	49099
	Jeremy Simpson	49056
Energy Direct Pay (EDP)	Melissa Harrod	48958
Equine Breeders	Lacresha Peyton	49057
Ky. Enterprise Initiative (KEIA)	Toni Fields	49058
Motor Vehicle Supplementary Sch.	Jessica Taylor	49223
Purchase Exemptions	Roy Smallwood	49098
Streamlined Sales Tax (SST)	Michelle Walker	48943
Tax Clearance Letters	Roy Smallwood	49098
Technical Letters	Tim Bennett	48913
Telecommunications Tax (Telcomm)	Chuck Comings	48954
	Richard Shearer	48960
Tourism Refunds	Kelli Buckley	49014
Truck Part DP/Charter Buses	Lacresha Peyton	49057



Misc. Taxes:

	Name	Extension
Cigarette Tax	Katie Simons	49254
EDP for School Tax (UGRLT)	Jeanne Thompson	47653
Loaner/Rental	Carin Brumback	49697
Motor Vehicle Usage Tax	MVU Section	44455
Motor Fuels	Motor Fuels Section	43853
School Tax (UGRLT)	Financial Tax Section	44810
Tire Tax	Eric Daniels	49243
Transient Room/Lodging Tax	Judy Stephenson	46820

Reminder from the Legal Enforcement Branch...

The Legal Branch of the Division of Collections handles Injunctions and Voluntary Disclosure cases (OSCAR functional area "L"); and Bankruptcy cases (OSCAR functional area "B"). ALL inquiries on cases in "L" or "B" functional areas must be referred to the Legal Branch.

Injunctions are sought on businesses that have failed to pay their taxes. Voluntary disclosures are handled on any type of tax administered by DOR and may be submitted by an individual or a multi-million-dollar company.

The Bankruptcy Section handles any type of bankruptcy that is filed, whether it is a Chapter 7, 11 or 13. It is very important that the employees in this section review information pertaining to any bankruptcy case so that we are not in violation of any of the Federal Court Rules. For more information contact:

- Clark Jesse at 564-4921, ext. 4409, regarding injunctions and voluntary disclosures
- Leanne Warren at 564-4921, ext. 4542, regarding bankruptcy



At this point...

CTS Implementation

The Comprehensive Tax System (CTS) is on its way. CTS will change the way we do our jobs. The functionality of CRIS, CARS, OSCAR, tax databases and related systems will be in CTS for each tax as it is implemented. Employee training on using the new system has begun and will eventually be offered throughout Revenue to all employees.

The following is a brief timeline of where we are as of May 2009:

- Coal Severance Tax: June 2009
- Sales and Use, Withholding and Corporation: August 2010
- Individual Income Tax, Enterprise Collection Debt: TBD

If you have any questions, please feel free to contact Melody Tudor at (502) 564-5720.



TY 2009 Forms Process

The **Corporation Forms Committee** has begun weekly meetings to update corporation tax forms and instructions for tax year 2009. This process takes several months to accomplish and is subject to last minute IRS updates before forms can be finalized for the year.

Updating the forms involves some simple changes such as dates and reference lines plus more complex changes created by tax legislation. Instructions are also reviewed for clarity and content.

Members of the committee include Mark Johnson, Corporation Tax, chair; Mary Jo Brown, Corporation Tax; Kayla Broughton, Division of Operations; Darwin DePappa, Corporation Tax; Michael Dickman, Corporation Tax; Gayle Fields, Training Branch; Marie Gorham, Audit Selection; Angie Morris, Audit Selection; Melissa Russell, Legal Services; Mark Smith, Corporation Tax; Steve Washing, Corporation Tax; and Rebecca Willis, Support Services, Finance.



8 Great Ideas to Manage Your Time

Feeling overwhelmed? Too much to do and not enough you? Be proactive. Here are some time management ideas to help you in your job.

1 Create a Daily To-Do LIST. Plan your day. This can be as simple as a list on a notepad. Work on the most important or difficult task first or at your most productive time. Carry over those that you did not complete to the next day. Be flexible and realistic. Often days don't go as planned. Your goal is not to do everything in one day, but to prioritize and do everything in a timely fashion.

2 Do the Right Thing RIGHT. Remember, our jobs often overlap and your co-worker's time is also valuable. Taking time to do a task correctly is a win-win situation for all of us. Identify the right thing to do and then concentrate on doing it right. As aptly put by Jeffrey J Mayer: *"If you haven't got the time to do it right, when will you find the time to do it over?"*

3 Organize Your Space. Does your workspace look like a candidate for the cover of OfficeWorld or an explosion from Central Files? How many times have you searched frantically for an important document only to find it hours or days later, buried under outdated memos, take-out menus and sticky notes? Schedule time once a week to remove clutter from your office so you can work more efficiently. Go through documents and separate the critical from the unimportant. Once you've categorized an item, finish it, file it, forward it or trash it--just don't leave it to collect dust on your desk.

4 OHIO: Only Handle It Once. If at all possible, only handle once. When you approach your daily tasks, complete what you can that day and sort the remaining tasks as items to file/keep, items to pursue (add to your to-do list) and items to discard. Manage your e-mail and telephone messages likewise.

5 Control E-mail. If the message is time sensitive, answer accordingly. If the message needs more thought, move it to your to-do list. If it's for

reference, print it out. If it's a meeting, move it to your calendar. If it's trivial, read and delete. Or create folders to organize your e-mail.

6 Take Time. The fastest way is not always the best way. Using time to think and plan is time well spent. Remember that a good time manager actually responds to some things more slowly than a bad time manager would. Some tasks require more time and effort than others.

7 Limit Multitasking. Concentrate on one thing at a time. It's tempting to try to do several things at once. However, it can be counterproductive. If you make a mistake, omit a step, or misplace something, the time saved by multitasking is soon lost in time spent correcting or looking for something that may have "fallen through the cracks."

8 Find the RIGHT Time. Are you a morning person? Or do you think clearer later in the day? Each person has a best time. Manage your schedule to keep your best time free for your most important or difficult tasks.

In today's business climate we are all faced with the prospect of doing more with less. Actively seeking ways to work smarter can benefit each of us by reducing stress through managing our day.

Remember to keep things in perspective. Balance excellence in work with excellence in play and other important aspects of your life.

"I am definitely going to take a course on time management...just as soon as I can work it into my schedule." —Louis Boone

CONNECTIONS:

ACKNOWLEDGEMENTS

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Ideas & Input:

Joe Brewer
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Leanne Warren
Kay Woosley

YOUR INPUT IS REQUESTED

Your input, comments, and suggestions are welcomed. Please submit via e-mail to contact below.

CONTACT:

Gayle Fields, Training Branch

"The achievements of an organization are the results of the combined efforts of each individual." —Vince Lombardi



P.S. ...

PROBLEM:

According to statistics cited in the May 2009 issue of Southern Living, approximately 10,000 sheets of letter-size paper are used by every U.S. worker each year. What can you do to be less wasteful and more environmentally conscious?

SOLUTION:

Here are two ways to address this problem. First, is it really necessary to print the document? If not, create specific folders, such as "Reference" or "Important E-mails" and save electronically. Second, if you need a hard copy, consider printing in a different format. Did you know that you can choose to print multiple pages on only one page? To do this, after clicking "Print", choose the "Zoom" feature and select your preference. By simply choosing 2 pages per sheet, you can save half the paper you normally use.